



Don Nickles, Chairman
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FY2004 Budget Resolution Conference Report: Overview

The 2004 Budget Resolution puts our most critical national priorities first: protecting America at home and abroad, growing the economy and creating jobs, and reinstating budget discipline. In addition, the budget keeps the federal government's promises to seniors, children and veterans. Deficits decline over time as the economy grows stronger and threats abroad are addressed.

Only five times since 1974 has the budget been completed by the statutory deadline.

Total spending: \$2.248 trillion in FY 2004, an increase of \$92 billion or 4.3 percent over FY 2003 (not including the supplemental).

Total discretionary spending: \$784.5 billion, consistent with the President's request. This is an \$18.7 billion or 2.4-percent increase over FY 2003 levels (\$765 billion). This includes \$400.1 billion for defense discretionary spending and \$384.4 billion for non-defense discretionary.

Total mandatory spending: \$1.463 trillion, a \$72 billion or 5.2-percent increase over FY 2003.

Year of balance: 2012

Protecting America at Home and Abroad

The Budget provides a \$400.5 billion defense budget (\$400.1 billion discretionary) for 2004 that will enable our military to continue waging an aggressive and global war on terrorism and prepare for near-term and future threats by investing in modernization and readiness.

The Budget provides the full amount of the President's request for homeland security spending to secure the nation's borders, train and equip first responders, protect critical infrastructure, guard against bio-terrorism, and improve intelligence analysis and coordination. Discretionary funding for the new Department of Homeland Security would grow from \$21.3 billion in 2003 to \$27.1 billion in 2004, an increase of 27.5 percent.

Provides for the President's total supplemental appropriations request funding the cost of the conflict in Iraq.

Growing the Economy and Creating Jobs

Provides for an economic growth and job creation reconciliation bill of up to \$550 billion (\$535 in tax cuts, and the balance in outlays), but limits initial Senate consideration of the bill to no more than \$350 billion, consistent with the Senate-passed budget resolution.

Provides an additional \$691 billion in unreconciled tax relief to ensure that the bipartisan 2001 tax cuts do not expire after 2010, and to allow for other tax initiatives. Total assumed tax cuts: \$1.226 trillion over 10 years.

Reinstating Budget Discipline

The conference agreement reinstates budget discipline by creating enforceable spending caps for 2004 and 2005, limits on non-defense emergency appropriations and advance appropriations, and a pay-as-you-go limitation on new mandatory spending or tax cuts not included in the budget.

The budget targets waste, fraud and abuse by requiring House and Senate authorizing committees to submit findings to the Budget Committees identifying instances of waste, fraud and abuse in programs within their jurisdictions no later than September 2, 2003. The amount of deficit reduction each committee will be asked to identify will be specified by the Budget Committee Chairmen by May 19, 2003.

The deficit rises in 2004 to \$385 billion as we invest in national priorities, then goes down every year thereafter and surpluses return in 2012 and thereafter as the economy grows stronger and threats abroad are addressed.

Additional Key Issues

Agriculture: Funding for FY 2004 is \$24.6 billion, an increase of \$165 million over FY 2003.

Education: The budget provides \$56.1 billion for the Department of Education, a 6-percent increase over 2003. This level accommodates funding increases provided in the Senate budget including: a \$1 billion increase over FY 2003 for Title I, a \$2.2 billion increase over FY 2003 for the Individuals with Disabilities Education Act, a \$1.3 billion increase for Pell Grants and a \$50 million increase for Impact Aid.

Environment: The budget includes \$31.7 billion to fund programs related to natural resources and the environment, including \$8.3 billion for the Environmental Protection Agency (a 3-percent increase over FY 2003).

Health Care: The conference agreement reserves funds to improve health care services, including \$400 billion to modernize and improve Medicare and provide a prescription drugs benefit, \$50 billion to help provide health care to the uninsured, and \$12.8 billion for Medicaid.

Highways and Mass Transit: The conference agreement provides \$35.5 billion in 2004 for highways, a 21-percent increase over the President's request. It provides \$231.1 billion over the next six years - an annual average of \$38.5 billion. The budget also includes \$7.6 billion in 2004 for mass transit, a 5-percent increase over the President's request. It provides \$49.1 billion over the next six years, an annual average of \$8.2 billion.

The agreement establishes a contingency procedure to increase spending above the level in the budget resolution on highways, highway safety, and transit should new offsetting resources be made available.

Aid to States: The agreement provides for a \$31 billion increase in major state-aid programs from 2003 to 2004, including a \$19 billion increase in Medicaid, a \$4.9 billion increase in highway spending, a \$2.2 billion increase in First Responders, and a \$1.3 billion increase in S-CHIP.

Veterans: The budget provides \$63.8 billion in FY 2004 for veterans programs, a 10.7-percent increase over FY 2003. That includes \$29 billion for veterans health, an increase of \$3.7 billion or 14.6-percent over FY 2004 - the largest increase ever.